TD Economics

Weekly Bottom Line

October 31, 2025

Highlights

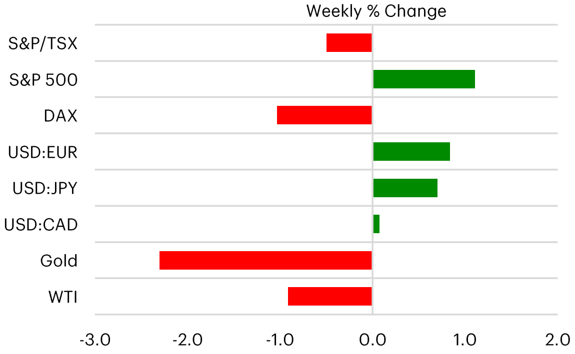
- With no end in sight, the government shutdown is nearing the longest in U.S. history.
- A meeting between President Trump and President Xi led to a further easing in U.S.-China trade tensions. The administration also announced trade agreements with Thailand, Malaysia and Cambodia.
- The Federal Reserve delivered another quarter-point rate cut – bringing the target range to 3.75%-4%. It will also end its quantitative tightening program as of December 1st.

This Week in the Markets

	Current*	Week Ago	52-Week High	52-Week Low
Stock Market Indexes				
S&P 500	6864	6792	6891	4983
S&P/TSX Comp.	30199	30353	30637	22507
DAX	23988	24240	24611	19003
FTSE 100	9708	9646	9760	7679
Nikkei	52411	49300	52411	31137
Fixed Income Yields				
U.S. 10-yr Treasury	4.09	4.00	4.79	3.95
Canada 10-yr Bond	3.13	3.09	3.60	2.83
Germany 10-yr Bund	2.65	2.63	2.90	2.03
UK 10-yr Gilt	4.43	4.43	4.89	4.21
Japan 10-yr Bond	1.67	1.66	1.70	0.94
Foreign Exchange Cross Rates				
C$ (USD per CAD)	0.71	0.71	0.74	0.69
Euro (USD per EUR)	1.15	1.16	1.19	1.02
Pound (USD per GBP)	1.31	1.33	1.37	1.22
Yen (JPY per USD)	154.0	152.9	158.4	140.9
Commodity Spot Prices**				
Crude Oil ($US/bbl)	60.9	61.5	80.0	57.1
Natural Gas ($US/MMBtu)	3.45	3.21	9.33	1.22
Copper ($US/met. tonne)	10895.6	10936.5	11163.8	8571.4
Gold ($US/troy oz.)	4015.3	4113.1	4356.3	2563.3

*As of 11:16 AM on Friday. **Oil-WTI, Cushing, Nat. Gas-Henry Hub, LA (Thursday close price). Copper-LME Grade A. Gold-London Gold Bullion. Source: Bloomberg.

Rising U.S. Yields Lift USD



Note: Data as of 11:17 AM ET, Friday, October 31, 2025.
Source: Bloomberg, TD Economics.

Global Official Policy Rate Targets

Central Banks	Current Target
Federal Reserve (Fed Funds Rate)	3.75 - 4.00%
Bank of Canada (Overnight Rate)	2.25%
European Central Bank (Refi Rate)	2.15%
Bank of England (Repo Rate)	4.00%
Bank of Japan (Overnight Rate)	0.50%

Source: Bloomberg.

TD Economics Key Financial Forecasts

	Current Rate	2024				2025				2026			
	10/31/25	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4F	Q1F	Q2F	Q3F	Q4F
Fed Funds Target Rate	4.00	5.50	5.50	5.00	4.50	4.50	4.50	4.25	3.75	3.75	3.25	3.25	3.25
2-yr Govt. Bond Yield	3.59	4.59	4.71	3.66	4.25	3.89	3.72	3.55	3.40	3.30	3.25	3.25	3.25
10-yr Govt. Bond Yield	4.09	4.20	4.36	3.81	4.58	4.23	4.24	4.05	4.05	4.00	4.00	4.00	4.00
30-yr Govt. Bond Yield	4.66	4.34	4.51	4.14	4.78	4.59	4.78	4.67	4.60	4.50	4.50	4.50	4.50

Forecast by TD Economics as of September 2025; all forecasts are end-of-period. Source: Bloomberg, Federal Reserve Board, TD Economics.

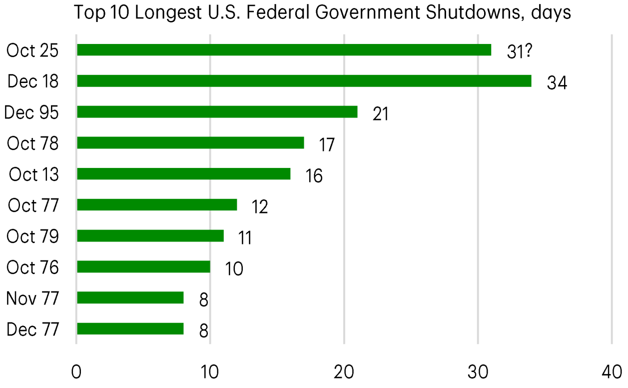
President Trump Deals His Way Through Asia

Thomas Feltmate, Director & Senior Economist
416-944-5730

The government shutdown entered its 31st day on Friday, and if it extends past November 3rd, will become the longest in U.S. history (Chart 1). At the time of writing, there is no offramp to end the shutdown. On Tuesday, Senate Democrats rejected (for the thirteenth time) a House-passed stopgap measure to fund the government through November 21st, while Senator Thune pushed back on the idea that Republicans were considering piecemeal bills that would reopen portions of the government. Elsewhere, President Trump traveled to Asia this week, which culminated in three new trade agreements and a further easing in trade tensions with China. Stateside, the Federal Reserve delivered another rate cut and signaled an end to its quantitative tightening program. Powell's remarks that a December rate cut "is not a foregone conclusion" led to some firming in Treasury yields, as market pricing for a December cut fell to 70%. A healthy slate of earnings reports capped off the week, pushing the S&P 500 up 1.0%.

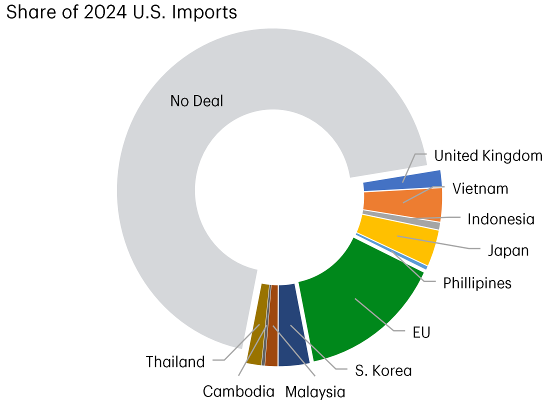
In a further move to de-escalate trade tensions with China, President Trump agreed to cut the fentanyl tariffs from 20% to 10%, suspend the increase of its reciprocal tariffs (scheduled to rise from 10% to 35% on November 10th) and ease restrictions on blacklisted Chinese firms. In return, China eased its restrictions on rare earth exports and said it would increase purchases of U.S. soybeans. Both countries also agreed to suspend their port fees, which came into effect earlier this month.

Chart 1: Government Shutdown Nearing Longest in History



Source: New York TImes, TD Economics.

Chart 2: U.S. Trade Agreements Cover 31% of Imports



Source: White House, Census Bureau, TD Economics.

The U.S. also reached trade agreements with three other counties this week, including Thailand, Malaysia and Cambodia. Trade to these countries account for roughly 3% of total U.S. annual imports, but combined with the other seven agreements, 30% of U.S. trade is now covered by a new trade deal (Chart 2). Details of this week's agreements remain vague, but based on White House fact sheets, each country will face a 19% reciprocal tariff rate and have agreed to reduce tariffs and trade barriers on U.S. imports along with making commitments to purchase energy products and aircrafts.

The Federal Reserve's move to cut its benchmark rate by another 25 basis points – bringing the target range to 3.75-4.0% – came as little surprise. However, Powell's remarks in the press conference regarding a December rate cut being far from guaranteed offered a shot in the arm to market odds, which had another cut as a near certainty. Indeed, the statement showed a growing divide among FOMC members. Recently appointed Stephen Miran dissented in favor of larger (50bps) cut, while Jeffery Schmid voted to hold rates steady. Given the data fog created by the government shutdown, Powell noted that there was a "growing chorus to at least wait a cycle" before making another cut, particularly given today's policy rate is at the upper end of some estimates of neutral. We interpret Powell's hawkish tone as a way of bringing more balance into market expectations. Another cut in December remains our base case, but we acknowledge that a flurry of data releases once government reopens could quickly shift views on the economic outlook and reshape the Fed's thinking on its policy adjustment.

Exhibits

Recent Key Economic Indicators: Oct 27 - 31, 2025

Release Date		Economic Indicator/Event	Data for Period	Units	Current	Prior
United States						
Oct 28		Conf. Board Consumer Confidence	Oct	Index	94.6	95.6
Oct 29		FOMC Rate Decision (Upper Bound)	Oct 29	%	4.00	4.25
Canada						
Oct 29		Bank of Canada Rate Decision	Oct 29	%	2.3	2.5
Oct 30		Payroll Employment Change - SEPH	Aug	Thsd	-	21.6
Oct 31		Gross Domestic Product	Aug	M/M % Chg.	0.0	0.2
International						
Oct 30	EZ	Gross Domestic Product SA	3Q	Y/Y % Chg.	1.2	1.5
Oct 30	EZ	Unemployment Rate	Sep	%	6.3	6.3
Oct 30	EZ	ECB Main Refinancing Rate	Oct 30	%	2.2	2.2
Oct 30	JN	Jobless Rate	Sep	%	2.5	2.6
Oct 30	JN	Tokyo Consumer Price Index	Oct	Y/Y % Chg.	2.5	2.5
Oct 30	JN	Retail Sales	Sep	Y/Y % Chg.	0.7	-0.9
Oct 30	CH	Manufacturing PMI	Oct	Index	49.6	49.8
Oct 31	EZ	Consumer Price Index Estimate	Oct	Y/Y % Chg.	2.1	2.2

Source: Bloomberg, TD Economics.

Upcoming Economic Releases and Events: Nov 03 - 07, 2025

Release Date	Time**		Economic Indicator/Event	Data for Period	Units	Consensus Forecast	Last Period
United States							
Nov 03	9:45		S&P Global US Manufacturing PMI	Oct	Index	-	52.2
Nov 03	10:00		ISM Manufacturing	Oct	Index	49.4	49.1
Nov 03	12:00		*Fed's Daly in Moderated Conversation*				
Nov 03	14:00		*Fed's Cook Speaks on Economy and Monetary Policy*				
Nov 03	17:00		Wards Total Vehicle Sales	Oct	Mlns	15.5	16.4
Nov 04	6:35		*Fed's Bowman Speaks on Supervision and Monetary Policy*				
Nov 04	8:30		Trade Balance*	Sep	Blns	-	-
Nov 04	10:00		Factory Orders*	Sep	M/M % Chg.	-	-
Nov 04	10:00		Factory Orders Ex Trans*	Sep	M/M % Chg.	-	-
Nov 04	10:00		Durable Goods Orders*	Sep	M/M % Chg.	-	-
Nov 04	10:00		Cap Goods Orders Nondef Ex Air*	Sep	M/M % Chg.	-	-
Nov 05	8:15		ADP Employment Change	Oct	Thsd	27.0	-32.0
Nov 05	9:45		S&P Global US Services PMI	Oct	Index	55.0	55.2
Nov 05	9:45		S&P Global US Composite PMI	Oct	Index	-	54.8
Nov 05	10:00		ISM Services Index	Oct	Index	50.7	50.0
Nov 06	8:30		Unit Labor Costs*	3Q	Q/Q % Chg.	0.8	1.0
Nov 06	8:30		Initial Jobless Claims*	Nov 01	Thsd	225.0	-
Nov 06	10:00		Wholesale Trade Sales*	Sep	M/M % Chg.	-	-
Nov 06	11:00		*Fed's Williams speaks at Goethe University Frankfurt*				
Nov 06	11:00		*Fed's Barr Participates in Moderated Discussion at St. Louis Fed virtual event*				
Nov 06	12:00		*Fed's Hammack Speaks at the Economic Club of New York*				
Nov 06	15:30		*Fed's Waller in Panel on Central Banking and Payments*				
Nov 06	16:30		*Fed's Paulson speaks on Consumer Finance Institute*				
Nov 06	17:30		*Fed's Musalem Speaks at a Fireside Chat on Monetary Policy*				
Nov 07	3:00		*Fed's Williams Speaks at ECB Conference in Frankfurt*				
Nov 07	7:00		*Fed's Jefferson Speaks on AI and Economy*				
Nov 07	8:30		Change in Nonfarm Payrolls*	Oct	Thsd	-	-
Nov 07	8:30		Unemployment Rate*	Oct	%	-	-
Nov 07	8:30		Average Hourly Earnings*	Oct	M/M % Chg.	-	-
Nov 07	15:00		*Fed's Miran Speaks on Stablecoins and Monetary Policy*				
Canada							
Nov 03	9:30		S&P Global Canada Manufacturing PMI	Oct	Index	-	47.7
Nov 03	13:30		*BoC Governor Tiff Macklem Fireside Chat at The Logic Summit*				
Nov 07	8:30		Net Change in Employment	Oct	Thsd	-20.0	60.4
Nov 07	8:30		Unemployment Rate	Oct	%	7.2	7.1
International							
Nov 06	5:00	EZ	Retail Sales	Sep	Y/Y % Chg.	1.0	1.0
Nov 06	7:00	UK	Bank of England Bank Rate	Nov 06	%	4.0	4.0

*May be delayed due to Government shutdown. **Eastern Standard Time. Source: Bloomberg, TD Economics.

Disclaimer

This report is provided by TD Economics. It is for informational and educational purposes only as of the date of writing, and may not be appropriate for other purposes. The views and opinions expressed may change at any time based on market or other conditions and may not come to pass. This material is not intended to be relied upon as investment advice or recommendations, does not constitute a solicitation to buy or sell securities and should not be considered specific legal, investment or tax advice. The report does not provide material information about the business and affairs of TD Bank Group and the members of TD Economics are not spokespersons for TD Bank Group with respect to its business and affairs. The information contained in this report has been drawn from sources believed to be reliable, but is not guaranteed to be accurate or complete. This report contains economic analysis and views, including about future economic and financial markets performance. These are based on certain assumptions and other factors, and are subject to inherent risks and uncertainties. The actual outcome may be materially different. The Toronto-Dominion Bank and its affiliates and related entities that comprise the TD Bank Group are not liable for any errors or omissions in the information, analysis or views contained in this report, or for any loss or damage suffered.